

Financial Policy

Topic: Independence of Audit Firms

Issue Date: 2/27/02

Applies to: Child Care Agencies

Effective Date: on receipt

Child Support Agencies

County Departments of Human Services

County Departments of Social Services

Welfare to Work Governor's Discretionary Funds Grantees

Wisconsin Works Agencies

Workforce Development Boards

Other DWS Contract and Grant Agencies

Purpose: To clarify the Department's policy regarding independent audits and to share information issued by the United States General Accounting Office (GAO).

Background: Independent audits have long been required for agencies that received federal and/or state funds for program operations. In recent years, accounting/auditing firms have made other non-audit services available to agencies, including financial and management consulting, and systems development and management.

Policy: Agencies under contract with DWS for the provision of services must take all reasonable actions to assure that there is no actual or perceived conflict of interest resulting from the auditors they engage for the purpose of independent audits also performing non-audit functions.

Procedures:

1) Review any and all agreements with individuals, businesses, or any other entity for financial services; including but not limited to audits, financial consulting and advising, bookkeeping services, payroll services, automated financial systems development or support.

2) Within ninety (90) calendar days of the issue date of this policy, provide the Contract Manager (Area Administrator), Local Program Liaison, or Grant Agreement Administrator for your agency with a written list of the contracts or agreements your agency has for financial services. Include the following:

A. time period for each agreement;

B. the name of the entity providing services under each agreement;

C. a description of the services covered by each agreement;

D. whether you perceive there is a potential conflict of interest relating to each agreement (e.g., same entity is providing both audit and non-audit services during the same time period); and,

- E. if there is a potential conflict of interest, what your agency is doing or is planning to do to address the potential conflict.

3) DWS will review the information submitted under this policy to determine whether additional follow-up is needed on a case-by-case basis with agencies, and to develop additional policy or training material, if appropriate.

Questions: Direct questions to the Department's Contract Manager (Area Administrator), Local Program Liaison, or Grant Agreement Administrator for your agency.

Attachment:

GAO Press Statement dated January 25, 2002

The GAO policy may be found on their website at <http://www.gao.gov/govaud/ybk01.htm>.